



Health Services

LOS ANGELES COUNTY

July 23, 2008

Los Angeles County Board of Supervisors

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TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 

SUBJECT: **STATUS OF THE PATIENT MANAGEMENT SYSTEM
REPLACEMENT**

As instructed by your Board on December 6, 2005, the Department of Health Services (DHS or Department), through its Office of Managed Care (OMC)/Community Health Plan (CHP, aka "Plan"), is to provide a status report every six (6) months regarding the procurement of a replacement system for CHP's Patient Management System (PMS). This is to provide you with the fifth status report.

BACKGROUND

OMC is responsible for administering CHP, a Knox-Keene licensed health maintenance organization. CHP product lines include: 1) Medi-Cal Managed Care Program, 2) Healthy Families Program, 3) PASC-SEIU Homecare Workers Health Care Plan (aka In-Home Supportive Services Program), 4) County Temporary Employees, 5) Consolidated Ombudsman Budget Reconciliation Act (COBRA), and 6) Individual Conversion Plan. As of June 1, 2008, CHP's total enrollment was approximately 167,500.

PMS is the transaction processing system used by CHP primarily for eligibility verification and claims processing. The lack of functionality in PMS prompted a number of labor-intensive processes, manual interventions, and development of multiple ancillary database applications to meet the business and operational needs of the organization. With the growing needs and demands of the consumer and the increasing regulatory requirements of healthcare, it is imperative to implement an integrated core administrative health care payer solution to increase quality of care, ensure timely and accurate distribution of information, and reduce duplication of effort through efficient and effective health information technology.

Studies conducted by Outlook Associates, Inc. in February 2002, Milliman, Inc. in July 2003, and Simpson & Simpson's annual independent audit reports in February 2005 and December 2005 indicated CHP lacked the infrastructure to effectively manage the enrollees enrolled with the Plan, including limitations and deficiencies with its information systems. In June 2005, the Joint Audit Committee expressed support for replacing PMS with a managed care system solution to meet the needs of the Plan.

The strategic direction for the integrated system solution is to acquire services from a qualified Application Service Provider (ASP). ASPs are vendors that provide application hosting services which includes the hardware, software, and in some scenarios, networking infrastructure to enable the organization to run standardized applications over a secured virtual network.

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ACTIVITIES

The following is the status of activities during the first six (6) months of 2008:

- From January through April 2008, the Department continued working collaboratively with the County's Chief Information Office, Security Office, Counsel, and Outside Counsel to finalize the Request for Proposals (RFP) for a Managed Care Information System and Operations and Maintenance Services.
- In May 2008, the RFP was released and proposals are due August 12, 2008.
- In May 2008, the Department determined additional time was needed for the Managed Care Information System implementation through the 4th quarter 2010. Therefore, the Department recommends that the Board approve to amend Agreement H-211033 with Health Management Systems Inc., (HMS Agreement) for the continued provision of maintenance, support, and training for the PMS, as well as for Public Health Programs and Services' Health Center Operations system software, which is additionally covered under the HMS Agreement. It is anticipated that this amendment request will be on the agenda for Board approval during the 4th quarter of 2008.
- In June 2008, OMC held a Mandatory Proposers' Conference to convey expectations of proposal submissions and answer general questions. A total of eleven (11) vendors attended the conference.

NEXT STEPS

The following RFP next steps are scheduled for the last six (6) months of 2008. The dates are tentative and contingent upon responses to the RFP, the County Solicitation Process, and unforeseen implementation activities:

- Receive RFP proposals by August 12, 2008.
- Submit amendment to HMS Agreement for Board approval during 4th quarter 2008.
- Evaluate proposals and select vendor during 4th quarter 2008.
- Develop and execute contract during 2nd quarter 2009.
- Configure application software and develop procedures during 1st quarter 2010.
- Complete data conversion, parallel testing, and acceptance testing of the Managed Care Information System during 3rd quarter 2010.
- Train staff on the Managed Care Information System and conduct system cut-over from the PMS to the Managed Care Information System during 4th quarter 2010.

If you have any questions, please let me know.

JFS:ls
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c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Interim Chief Information Officer